

Himachal Pradesh Budget Analysis 2020-21

The Chief Minister, Mr. Jai Ram Thakur, presented the Budget for Himachal Pradesh for the financial year 2020-21 on March 6, 2020.

Budget Highlights

- The **Gross State Domestic Product (GSDP)** of Himachal Pradesh for 2020-21 (at current prices) is projected to be Rs 1,82,020 crore. This is 10% higher than the revised estimates for 2019-20. GSDP for 2019-20 (at current prices) is estimated to be 7.6% higher than that in 2018-19.
- **Total expenditure** for 2020-21 is estimated to be Rs 49,131 crore, a 1.1% decrease over the revised estimates of 2019-20. As per the revised estimates, total expenditure is estimated to increase by 11.9% (Rs 5,300 crore) from the budget estimates in 2019-20.
- **Total receipts (excluding borrowings)** for 2020-21 are estimated to be Rs 38,465 crore, an increase of 18.9% as compared to the revised estimates of 2019-20. In 2019-20, total receipts (excluding borrowings) are estimated to fall short of the budgeted estimates by Rs 1,413 crore (4.2% of the budget estimates).
- **Revenue deficit** for 2020-21 is targeted at Rs 684 crore or 0.38% of the GSDP. **Fiscal deficit** is targeted at Rs 7,272 crore (4% of GSDP). In 2019-20, Himachal Pradesh is estimated to observe a revenue deficit of 2.42% of GSDP as against a budget target of 1.39%. Fiscal deficit is estimated to rise from the budgeted 4.35% of GSDP to 6.42% of GSDP at the revised stage.
- In 2020-21, the highest increase in allocations was observed in Water Supply, Sanitation, Housing and Urban Development (33%), Rural Development (19%), and Education (10%) sectors over the revised estimates of the previous year. Significant decrease in allocation was observed in Energy (21%) and Irrigation (13%) sectors.

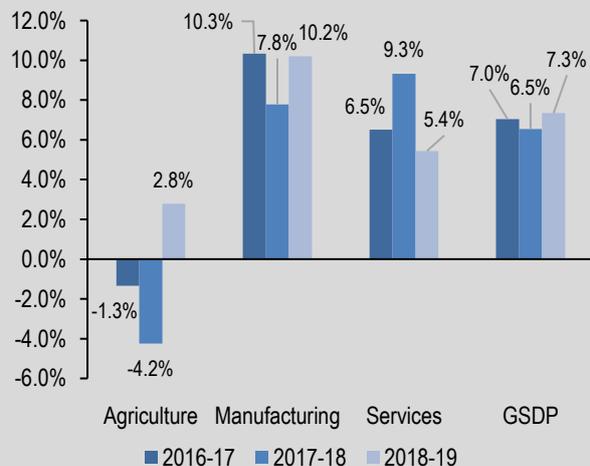
Policy Highlights

- **Legislative proposals:** Himachal Pradesh will enact Model Acts proposed by the central government to remove bottlenecks in the agriculture sector. Cooperation laws will be amended to help cooperative societies to improve their capacity and incomes. A Bill to provide for the establishment of the Himachal Pradesh Investment Promotion Agency will be introduced. Model Municipal Building Bye-Laws will be introduced to promote the development of disaster-resilient structure.
- **Aspirational District Block Programme:** The Aspirational District Block Programme will be started to facilitate the development of panchayats and blocks in backward areas.
- **Swaran Jayanti Poshahaar Yojana:** The scheme will be introduced to provide for: (i) supplementing extra nutrition food such as milk and fruit in Anganwadi and mid-day meal schemes in primary and middle schools and (ii) starting pre-primary classes in the primary schools (Swasth Bachpan). For more details on the budget announcements, please see Annexure 3.

Himachal Pradesh's Economy

- **GSDP:** The growth rate of Himachal Pradesh's GSDP (at constant prices) was 7.3% in 2018-19, higher than the GDP growth rate of the country.
- **Sectors:** In 2018-19, agriculture, manufacturing, and services sectors contributed to 13%, 47% and 40% to the economy. These sectors grew by 2.8%, 10.2%, and 5.4%, respectively.
- **Per capita GSDP** of Himachal Pradesh in 2018-19 (at current prices) was Rs 2,08,513, 8% higher than the corresponding figure in 2017-18.
- **Unemployment:** According to the Periodic Labour Force Survey (July 2017-June 2018), the unemployment rate in Himachal Pradesh was 8.6%, which is higher than that at the all-India level (6.1%).

Figure 1: Growth in GSDP and sectors in Himachal Pradesh at constant (2011-12) prices



Sources: Central Statistics Office; MOSPI; PRS.

Note: These numbers are as per constant prices (2011-12) which implies that the growth rate is adjusted for inflation.

Budget Estimates for 2020-21

- The total expenditure in 2020-21 is targeted at Rs 49,131 crore. This is 1.1% lower than the revised estimates of 2019-20. This expenditure is proposed to be met through receipts (other than borrowings) of Rs 38,465 crore and borrowings of Rs 7,554 crore. Total receipts for 2020-21 (other than borrowings) are expected to be 18.9% higher than the revised estimates of 2019-20.
- As per the revised estimates of 2019-20, while the receipts (other than borrowings) are estimated to reduce by 4.2% over the budget estimates, the total expenditure is estimated to increase by 11.9%. This implies that there will be an increase in the borrowing requirement. As a result, in 2019-20, the state is estimated to observe a revenue deficit of 2.42% as against a budget target of 1.39%. Fiscal deficit is estimated to rise from the budgeted 4.35% of GSDP to 6.42% of GSDP at the revised stage.

Table 1: Budget 2020-21 - Key figures (in Rs crore)

Items	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019-20	2020-21 BE	% change from RE 2019-20 to BE 2020-21
Total Expenditure	39,154	44,388	49,688	11.9%	49,131	-1.1%
A. Receipts (except borrowings)	30,981	33,774	32,360	-4.2%	38,465	18.9%
B. Borrowings	6,427	7,081	10,520	48.6%	7,554	-28.2%
Total Receipts (A+B)	37,408	40,854	42,880	5.0%	46,019	7.3%
Revenue Balance	1,522	-2,342	-4,007	71.1%	-684	-82.9%
As % of GSDP	0.99%	-1.39%	-2.42%		-0.38%	
Fiscal Deficit	3,500	7,352	10,626	44.5%	7,272	-31.6%
As % of GSDP	2.27%	4.35%	6.42%		4.00%	
Primary Balance	522	-2,802	-6,076	116.8%	-2,340	-61.5%
As % of GSDP	0.34%	-1.66%	-3.67%		-1.29%	

Note: BE is Budget Estimates; RE is Revised Estimates. Negative sign in revenue balance and primary balance indicates a deficit.
Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

Expenditure in 2020-21

- **Capital expenditure** for 2020-21 is proposed to be Rs 10,008 crore, which is a decrease of 25% over the revised estimates of 2019-20. Capital expenditure includes expenditure affecting the assets and liabilities of the state, such as: (i) capital outlay, i.e. expenditure which leads to the creation of assets (such as bridges and hospitals), and (ii) repayment and grant of loans by the state government.
- In 2019-20, capital expenditure is estimated to increase by 60.9% from the budget stage to the revised stage. The debt repayment is estimated to increase by 3,439 crore (105.4%) at the revised stage as compared to the budget stage.
- Himachal Pradesh's capital outlay for 2020-21 is estimated to be Rs 6,255 crore, which is 5.2% higher than the revised estimates of 2019-20. In 2019-20, the revised estimates for capital outlay is 29.8% higher as compared to the budget estimate for that year.
- **Revenue expenditure** for 2020-21 is proposed to be Rs 39,123 crore, which is an increase of 7.7% over revised estimates of 2019-20. This expenditure includes the payment of salaries, interest, and subsidies.

Table 2: Expenditure budget 2020-21 (in Rs crore)

Items	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019-20	2020-21 BE	% change from RE 2019-20 to BE 2020-21
Capital Expenditure	9,726	8,299	13,351	60.9%	10,008	-25.0%
of which Capital Outlay	4,584	4,580	5,943	29.8%	6,255	5.2%
Revenue Expenditure	29,429	36,089	36,337	0.7%	39,123	7.7%
Total Expenditure	39,154	44,388	49,688	11.9%	49,131	-1.1%
A. Debt Repayment	4,673	3,262	6,701	105.4%	3,394	-49.4%
B. Interest Payments	4,022	4,550	4,550	0.0%	4,932	8.4%
Debt Servicing (A+B)	8,695	7,812	11,251	44.0%	8,325	-26.0%

Note: BE is Budget Estimates; RE is Revised Estimates. Capital outlay denotes expenditure which leads to the creation of assets.
Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

Sector-wise expenditure in 2020-21

The sectors listed below account for **65%** of the total expenditure by the state in 2020-21. A comparison of Himachal Pradesh's expenditure on key sectors with that by other states can be found in Annexure 1.

Table 3: Sector-wise expenditure under Himachal Pradesh Budget 2020-21 (in Rs crore)

Sector	2018-19 Actuals	2019-20 BE	2019-20 RE	2020-21 BE	% change from 2019-20 RE to 2020-21 BE	Budget provisions for 2020-21
Education, Sports, Arts, and Culture	6,198	7,859	7,581	8,304	10%	Rs 6,016 crore will be spent on salaries and wages. Rs 289 crore has been allocated for the Sarv Shiksha Abhiyaan. Rs 101 crore has been allocated for the Mid-Day Meal scheme.
Transport	3,902	4,109	5,158	5,445	6%	Capital outlay of Rs 1,912 crore has been proposed for construction of roads and bridges. Budgetary provision of Rs.1,013 crore has been made for expansion of airports, construction of airport at Mandi and construction of 5 heliports.
Water Supply, Sanitation, Housing and Urban Development	2,209	2,521	2,490	3,302	33%	Rs 343 crore has been allocated towards Jal Jeevan Mission. Rs 108 crore will be spent on the Greater Shimla Water Supply Scheme. Rs 100 crore has been allocated towards the Smart City mission.
Health and Family Welfare	2,238	2,752	2,791	2,976	7%	Rs 1,715 crore will be spent on salaries and wages. Rs 334 crore has been allocated towards the National Rural Health Mission.
Agriculture and allied activities	2,194	2,492	2,476	2,702	9%	Rs 50 crore has been allocated towards subsidy for installation of anti-hail nets. Rs 25 crore has been allocated towards the Prakritik Kheti Khushal Kissan scheme.
Social Welfare and Nutrition	1,641	1,592	2,233	1,965	-12%	Rs 670 crore has been allocated towards pension under social security schemes. Rs 230 crore has been allocated towards food subsidy.
Rural Development	1,193	1,722	1,464	1,739	19%	Rs 394 crore has been allocated towards the Pradhanmantri Gram Sadak Yojana. Rs 100 crore has been allocated towards the SwarnaJayanti Gram Swarojgar Yojana. Rs 55 crore has been allocated to the Mukhya Mantri Gram Sadak Yojana.
Police	1,158	1,425	1,446	1,541	7%	Rs 1,463 crore will be spent towards salaries and wages. Rs 37 crore has been allocated towards modernisation of police forces.
Irrigation and Flood Control	885	1,036	1,264	1,100	-13%	Capital outlay of Rs 557 crore has been proposed on various irrigation projects.
Energy	834	760	818	645	-21%	Rs 480 crore has been allocated as subsidy for domestic and agricultural consumers.
% of total expenditure	66%	65%	66%	65%		

Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

Committed expenditure: Committed expenditure of a state typically includes expenditure on payment of salaries, pensions, and interest. A larger proportion of budget allocated for committed expenditure items limits the state's flexibility to decide on other expenditure priorities such as capital outlay.

In 2020-21, Himachal Pradesh is estimated to spend Rs 27,036 crore on committed expenditure items. This is 11.7% higher than the revised estimates of 2019-20. In 2020-21, Himachal Pradesh is estimated to spend 70% of its revenue receipts on committed expenditure items. This comprises of spending on salaries (39% of revenue receipts), pension (19%), and interest payments (13%). In 2020-21, expenditure on salaries is estimated to increase by 14% over the revised estimates of 2019-20.

Table 4: Committed Expenditure for the state in 2020-21 (in Rs crore)

Items	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019-20	2020-21 Budgeted	% change from RE 2019-20 to BE 2020-21
Salaries	11,014	13,889	12,988	-6.5%	14,838	14.2%
Pensions	4,975	6,660	6,660	0.0%	7,266	9.1%
Interest	4,022	4,550	4,550	0.0%	4,932	8.4%
Total	20,010	25,099	24,198	-3.6%	27,036	11.7%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

Receipts in 2020-21

- The **total revenue receipts** for 2020-21 are estimated to be Rs 38,439 crore, an increase of 18.9% over the revised estimates of 2019-20. Of this, Rs 11,501 crore (30%) will be raised by the state through its **own resources**, and Rs 26,938 crore (70%) will **come from the centre** in the form of grants (54% of revenue receipts) and the state's share in central taxes (16% of revenue receipts).
- **Devolution:** In 2020-21, receipts from the state's share in central taxes are estimated to increase by 34% over the revised estimates of 2019-20. However, as per the revised estimates of 2019-20, the receipts from the state's share in central taxes is estimated to decrease by 36.8% as compared to the budget stage. This may be due to a 19% cut in the union budget for devolution to states, from Rs 8,09,133 crore at the budget stage to Rs 6,56,046 crore at the revised stage. Himachal Pradesh's share in the centre's tax revenue will increase from 0.30% during the 2015-20 period to 0.33% for 2020-21 (an increase of 10%) as per the recommendations of the 15th Finance Commission (Annexure 2).
- **Tax Revenue:** Total own tax revenue of Himachal Pradesh is estimated to be Rs 9,090 crore in 2020-21, an increase of 13.6% over the revised estimates of the previous year. The own tax to GSDP ratio is targeted at 5.0% in 2020-21, which is higher than the revised estimates for 2019-20 (4.8%). This implies that the growth in tax collection is estimated to be higher than the growth of the economy.

Table 5: Break up of state government receipts (in Rs crore)

Items	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019- 20	2020-21 BE	% change from RE 2019-20 to BE 2020- 21
State's Own Tax	7,576	7,921	8,005	1.0%	9,090	13.6%
State's Own Non-Tax	2,830	2,443	2,372	-2.9%	2,410	1.6%
Share in Central Taxes	5,427	7,398	4,678	-36.8%	6,266	34.0%
Grants-in-aid from Centre	15,118	15,985	17,276	8.1%	20,673	19.7%
Total Revenue Receipts	30,950	33,747	32,330	-4.2%	38,439	18.9%
Borrowings	6,427	7,081	10,520	48.6%	7,554	-28.2%
Other receipts	31	27	31	14.8%	26	-14.6%
Total Capital Receipts	6,458	7,107	10,550	48.4%	7,580	-28.2%
Total Receipts	37,408	40,854	42,880	5.0%	46,019	7.3%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

- In 2020-21, State Goods and Services Tax (SGST) is estimated to be the largest source of own tax revenue (42.4% of total own tax revenue). SGST collection is estimated to increase by 8.9% over the previous year.
- In 2020-21, Himachal Pradesh is expected to generate Rs 1,788 crore from state excise duty, an increase of 10% over the previous year.
- The state is estimated to raise Rs 1,685 crore from sales tax (on items such as petroleum products), and VAT, an increase of 38.4% over the revised estimates of 2019-20.

GST Compensation

The GST (Compensation to States) Act, 2017 guarantees states compensation for five years (till 2022) for any revenue loss arising due to GST implementation. The Act guarantees states a 14% annual growth on their revenue which was subsumed under GST. If the GST revenue of a state does not match the guaranteed growth, compensation grants are provided to meet the shortfall.

The state is estimated to receive GST compensation grants in all three years between 2018-19 and 2020-21. In 2020-21, this grant is estimated to be Rs 3,338 crore (8.7% of the total revenue receipts). This is 15% higher than the revised estimates of the previous year. Reliance on GST compensation grants indicates a slower growth in SGST collection as compared to the 14% annual growth envisaged under the Act.

Table 6: Some of the major state's own tax revenue sources (in Rs crore)

Head	2018-19 Actuals	2019-20 BE	2019-20 RE	% change from BE 2019-20 to RE 2019-20	2020-21 BE	% change from RE 2019-20 to BE 2020-21	% of Revenue Receipts in 2020-21
State GST (SGST)	3,343	3,238	3,542	9.4%	3,855	8.9%	10.0%
State Excise Duty	1,482	1,625	1,625	0.0%	1,788	10.0%	4.7%
Sales Tax and VAT	1,185	1,491	1,217	-18.4%	1,685	38.4%	4.4%
Taxes on Vehicle	408	363	432	19.2%	457	5.7%	1.2%
Stamps Duty and Registration Fees	251	289	289	0.0%	328	13.3%	0.9%
Taxes and Duties on Electricity	487	378	378	0.0%	403	6.6%	1.0%
Land Revenue	8	23	16	-27.5%	18	8.9%	0.05%
GST Compensation Grants	2,037	2,900	2,900	0%	3,338	15.1%	8.7%

Note: BE is Budget Estimates; RE is Revised Estimates.

Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

Deficits, Debts and FRBM Targets for 2020-21

The Himachal Pradesh Fiscal Responsibility and Budget Management (FRBM) Act, 2005 provides annual targets to progressively reduce the outstanding liabilities, revenue deficit and fiscal deficit of the state government.

Revenue Balance: It is the difference of revenue expenditure and revenue receipts. A revenue deficit implies that the government needs to borrow to finance its expenses which do not create capital assets. Once the revenue deficit is accounted for, only then the borrowings can be used for capital investments. A revenue surplus implies that the revenue receipts of state are sufficient to meet the revenue expenditure requirements.

The budget estimates a revenue deficit of Rs 684 crore (0.38% of GSDP) in 2020-21. The 14th Finance Commission had recommended that states should eliminate revenue deficit. However, between 2019-20 and 2023-24, the state is estimated to observe revenue deficit (Figure 2). The 15th Finance Commission recommended a post-devolution revenue deficit grant of 11,431 crore for Himachal Pradesh for 2020-21. This grant has been provided to compensate for the revenue deficit.

Fiscal deficit: It is the excess of total expenditure over total receipts. This gap is filled by borrowings by the government, and leads to an increase in total liabilities. In 2020-21, the fiscal deficit is estimated to be Rs 7,272 crore (4% of GSDP). The estimate is beyond the 3% limit as per the FRBM Act. The 3% limit may be relaxed to a maximum of 3.5%, if the state can contain its debt and interest payments to certain specified levels. The fiscal deficit of the state is estimated to remain greater than 3% between 2019-20 and 2023-24.

Outstanding Liabilities: Outstanding liabilities is the accumulation of borrowings over the years. In 2020-21, the outstanding liabilities are expected to be 33.62% of the GSDP, 0.06% lower than the revised estimates for 2019-20. This is higher than the average level of outstanding liabilities of 29 states in 2019-20 (24.6% of their GSDP).

Outstanding Government Guarantees: Outstanding liabilities of states do not include a few other liabilities that are contingent in nature, which states may have to honour in certain cases. State governments often guarantee the borrowings of State Public Sector Enterprises (SPSEs) from financial institutions. The total outstanding government guarantees at the end of the year 2020-21 is estimated to be Rs 2,422 crore (1.3% of GSDP).

Debt Servicing

In 2020-21, Himachal Pradesh is expected to spend Rs 8,325 crore on servicing its debt. This is 26% less than the revised estimates of 2019-20. This includes Rs 3,394 crore towards repaying loans (41%), and Rs 4,932 crore towards interest payments (59%).

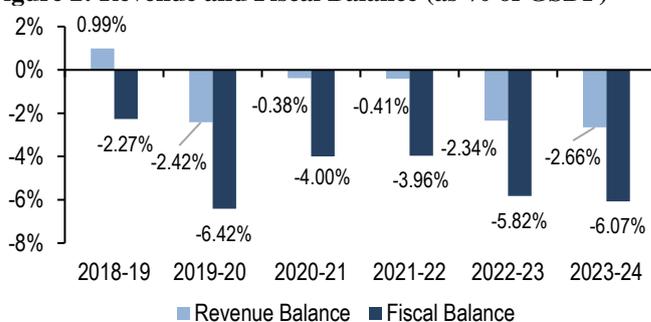
Table 7: Budget targets for deficits for Himachal Pradesh (% of GSDP)

Year	Revenue	Fiscal	Outstanding Liabilities
	Deficit (-)/Surplus (+)	Deficit (-)/Surplus (+)	
2018-19	0.99%	-2.27%	-
2019-20	-2.42%	-6.42%	33.68%
2020-21	-0.38%	-4.00%	33.62%
2021-22	-0.41%	-3.96%	33.56%
2022-23	-2.34%	-5.82%	33.51%
2023-24	-2.66%	-6.07%	33.47%

Note: Numbers for 2019-20 and 2020-21 are revised estimates and budget estimates respectively. Numbers for 2021-22, 2022-23, and 2023-24 are targets as per the Medium Term Fiscal Policy Statement. As per the statement, deficits are estimated to rise post 2021-22 due to discontinuation of GST compensation grants.

Sources: Himachal Pradesh Budget Documents 2020-21; PRS.

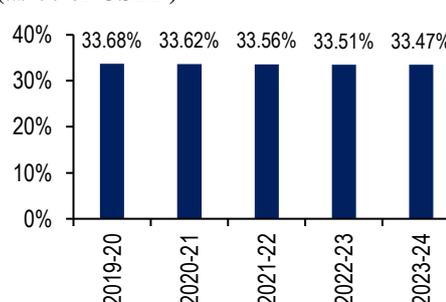
Figure 2: Revenue and Fiscal Balance (as % of GSDP)



Note: (-) indicates deficit and (+) indicates a surplus.

Sources: Himachal Pradesh Budget Documents; PRS.

Figure 3: Outstanding liabilities (as % of GSDP)



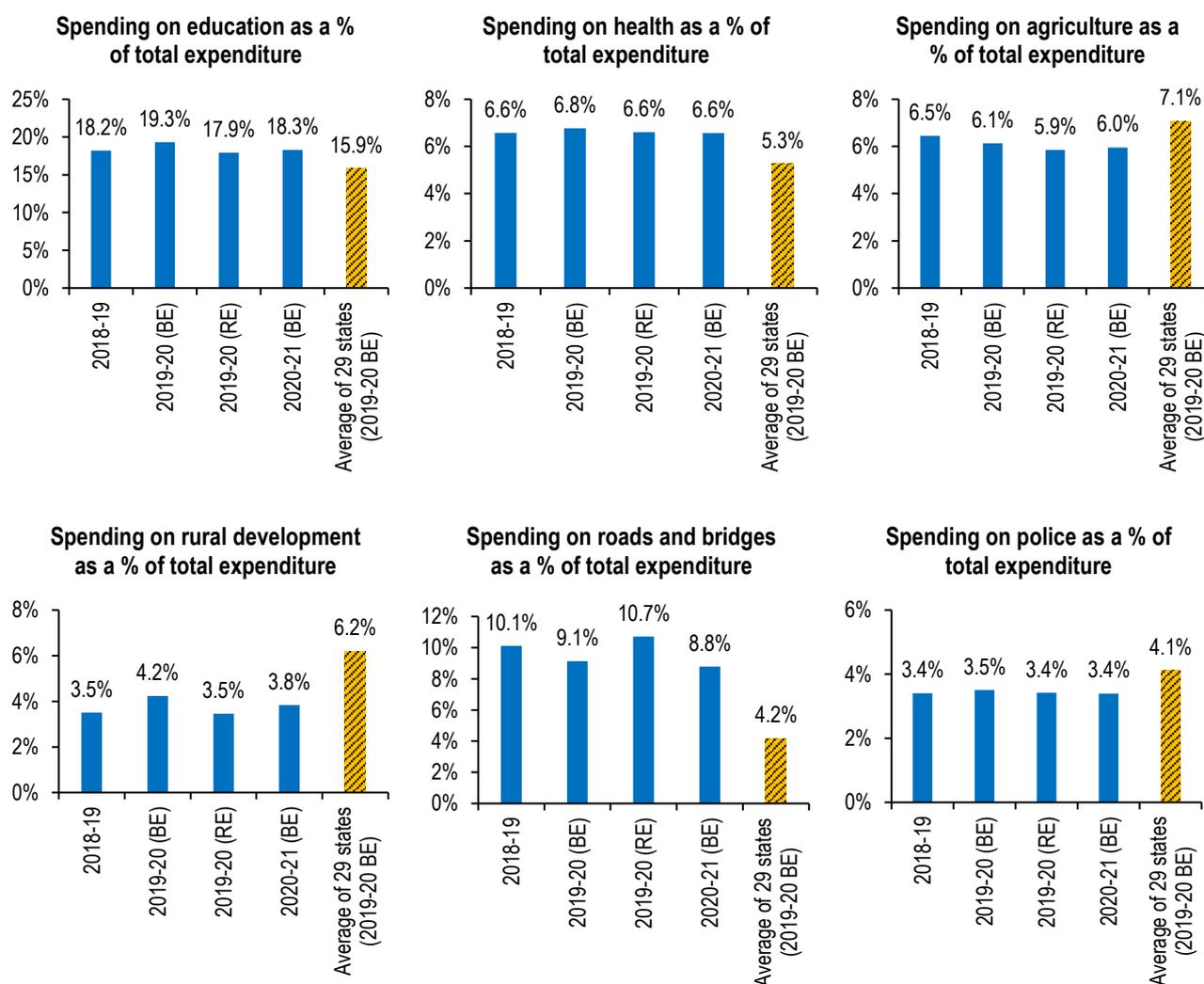
Sources: Himachal Pradesh Budget Documents; PRS.

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Annexure I: Comparison of states' expenditure on key sectors

The graphs below compare Himachal Pradesh's expenditure on six key sectors as a proportion of its total expenditure on all sectors. The average for a sector indicates the average expenditure in that sector by 29 states as per their budget estimates of 2019-20.¹

- **Education:** Himachal Pradesh has allocated 18.3% of its total budget for education in 2020-21. This is higher than the average expenditure (15.9%) allocated for education by states (using 2019-20 BE).
- **Health:** Himachal Pradesh has allocated 6.6% of its total budget on health, which is higher than the average allocation for health by states (5.3%).
- **Agriculture:** The state has allocated 6.0% of its total expenditure towards agriculture and allied activities. This is lower than the average allocated by states (7.1%).
- **Rural development:** Himachal Pradesh has allocated 3.8% of its expenditure on rural development. This is significantly lower than the average allocation for rural development by states (6.2%).
- **Roads and bridges:** Himachal Pradesh has allocated 8.8% of its total expenditure on roads and bridges, which is significantly higher than the average expenditure of 29 states (4.2%).
- **Police:** Himachal Pradesh has allocated 3.4% of its total expenditure on police, which is lower than the average allocation for police by states (4.1%).



Note: 2018-19, 2019-20 (BE), 2019-20 (RE), and 2020-21 (BE) figures are for Himachal Pradesh.
Sources: Annual Financial Statement (2019-20 and 2020-21), various state budgets; PRS.

¹ The 28 other states include all states except Manipur. It includes the Union Territory of Delhi and erstwhile state of Jammu and Kashmir.

Annexure 2: Recommendations of the 15th Finance Commission for 2020-21

The 15th Finance Commission's (15th FC) report for the financial year 2020-21 was tabled in Parliament on February 1, 2020. The 15th FC recommended a 41% share for states in the central government's tax revenue in 2020-21, a 1% decrease from the 42% share recommended by the 14th FC (2015-20). The 1% decrease is to provide funds to the newly formed union territories of Jammu and Kashmir, and Ladakh from the share of the central government. The 15th FC also proposed revised criteria for determining the share of individual states.

Table 8 shows the share of states in the central government's tax revenue², as per the recommendations of the 14th FC for 2015-20 and the 15th FC for 2020-21. The 15th FC has recommended a 0.33% share for Himachal Pradesh in the centre's tax revenue for 2020-21 (an increase of 10% over the 14th FC period). This implies that out of every Rs 100 of centre's tax revenue in 2020-21, Himachal Pradesh will receive Rs 0.33. Table 8 also shows the estimated devolution to states by the centre for 2019-20 and 2020-21 (in Rs crore).

Table 8: Share of states in centre's tax revenue under the 14th and 15th Finance Commissions (2020-21)

State	Share of states in centre's tax revenue			Devolution to states by the centre		
	14 th FC (2015-20)	15 th FC (2020-21)	% change	2019-20 RE	2020-21 BE	% change
Andhra Pradesh	1.81	1.69	-7%	28,242	32,238	14%
Arunachal Pradesh	0.58	0.72	24%	8,988	13,802	54%
Assam	1.39	1.28	-8%	21,721	24,553	13%
Bihar	4.06	4.13	2%	63,406	78,896	24%
Chhattisgarh	1.29	1.4	9%	20,206	26,803	33%
Goa	0.16	0.16	0%	2,480	3,027	22%
Gujarat	1.3	1.39	7%	20,232	26,646	32%
Haryana	0.46	0.44	-4%	7,112	8,485	19%
Himachal Pradesh	0.3	0.33	10%	4,678	6,266	34%
Jammu and Kashmir	0.78	-	-	12,171	-	-
Jharkhand	1.32	1.36	3%	20,593	25,980	26%
Karnataka	1.98	1.49	-25%	30,919	28,591	-8%
Kerala	1.05	0.8	-24%	16,401	15,237	-7%
Madhya Pradesh	3.17	3.23	2%	49,518	61,841	25%
Maharashtra	2.32	2.52	9%	36,220	48,109	33%
Manipur	0.26	0.29	12%	4,048	5,630	39%
Meghalaya	0.27	0.31	15%	4,212	5,999	42%
Mizoram	0.19	0.21	11%	3,018	3,968	31%
Nagaland	0.21	0.23	10%	3,267	4,493	38%
Odisha	1.95	1.9	-3%	30,453	36,300	19%
Punjab	0.66	0.73	11%	10,346	14,021	36%
Rajasthan	2.31	2.45	6%	36,049	46,886	30%
Sikkim	0.15	0.16	7%	2,408	3,043	26%
Tamil Nadu	1.69	1.72	2%	26,392	32,849	24%
Telangana	1.02	0.87	-15%	15,988	16,727	5%
Tripura	0.27	0.29	7%	4,212	5,560	32%
Uttar Pradesh	7.54	7.35	-3%	1,17,818	1,40,611	19%
Uttarakhand	0.44	0.45	2%	6,902	8,657	25%
West Bengal	3.08	3.08	0%	48,048	58,963	23%
Total	42	41	-2%	6,56,046	7,84,181	20%

Sources: Reports of 14th and 15th Finance Commissions (2020-21); Union Budget Documents 2020-21; PRS.

In addition, the 15th FC has also recommended certain grants-in-aid for various purposes for the year 2020-21. These include: (i) Rs 74,341 crore as grants to states for eliminating revenue deficit, of which Himachal Pradesh will receive Rs 11,431 crore, (ii) Rs 90,000 crore as grants to local bodies, of which Himachal Pradesh will receive Rs 636 crore (this consists of Rs 429 crore for rural local bodies and Rs 207 crore for urban local bodies), and (iii) Rs 22,184 crore as the centre's grants to disaster management, out of which Himachal Pradesh will receive Rs 409 crore.

² This excludes the cess and surcharge revenue of the central government as it is outside the divisible pool and not shared with states. As per the 2019-20 union budget, cess and surcharge revenue accounted for 15% of the estimated gross tax revenue of the central government.

Annexure 3: Key budget announcements

- **Insurance coverage** will be provided to certain classes of workers such as Anganwadi workers/helpers, ASHA workers, water carriers, water guards, mid-day meal workers, and tailoring mistress.
- **Income criteria** for giving land to landless/houseless persons is to enhanced from Rs 50,000 to Rs 1,00,000 per annum.
- **Minimum wage rate** will be revised from Rs 250 per day to Rs 275 per day.
- **Grant of death-cum-retirement gratuity** will be provided to employees covered under the National Pension Scheme (NPS) who retired before September 2017.
- **Emoluments for contract employees** is proposed to be increased from 125% of grade pay to 150% of grade pay.
- **20,000 vacant posts** of various departments will be filled up during 2020-21. It includes (i) 3,000 posts of the State Electricity Board, (ii) 1,000 posts of Constables, (iii) over 5,000 posts in Education, and (iv) 1,300 posts in the Road Transport Commission.
- **Hydro-electric projects** of 394 MW capacity will be started during 2020-21.
- **One-time relief to the power producers** will be provided for speeding up the execution of stalled projects.
- **Subsidy of Rs 2,000 per KW** will be provided for executing solar projects of 250 to 500 KW capacities.
- **A Centre of Excellence** will be established to promote skill development, training and research activities in Information Technology with a cost of Rs 155 crore.
- **Institute of Hotel Management** in Dharamshala and **Food Craft Institute** in Sundernagar will be established.
- **The State Sports Policy 2020** will be notified.
- Policy to provide **Way Side Amenities** along highways will be framed.
- **Milk procurement price** will be increased by Rs 2 per litre.
- **Increase in honorarium** for certain classes of workers is proposed (Table 9).

Table 9: Proposal to increase the honorarium

Position	Increase in monthly honorarium (in Rs)
Panchayat Silai teachers and chowkidars	500
Mid-day meal workers and water carriers	300
ASHA workers	500
Part-time workers under the revenue department	300
Numberdars	500
Water guards, para fitters and pump operators	300

Sources: Budget Speech 2020-21; PRS.

- Certain changes in benefits under the existing schemes are proposed (Table 10).

Table 10: Proposals against existing schemes

Scheme	Proposal
Mukhya Mantri Nirog Yojana	10 new integrated nirog clinic to be opened, free diagnostic facilities to be extended to all
SAHARA	Assistance to the chronically ill patients to be increased from Rs 2,000 per month to Rs 3,000 per month
Skill Development Allowance	80,000 youths to be provided skill development allowance with an outlay of Rs 100 crore
Pension schemes	50 thousand more beneficiaries to be covered in 2020-21, pension for divyangjans and widows to be increased from Rs 850 per month to Rs 1000 per month
War Jagir Assistance	Assistance to ex-servicemen to be increased from Rs 5,000 per annum to Rs 7,000 per annum
Vidhayak Kshetra Vikas Nidhi Yojana	Allocation to be increased from Rs 1.5 crore to Rs 1.75 crore and discretionary grants of MLAs to be increased from Rs eight lakh to Rs 10 lakh

Sources: Budget Speech 2020-21; PRS.

Table 11: New schemes announced in the Budget 2020-21

Scheme	Sector	Description	Allocation for 2020-21 (in Rs)
Krishi Kosh	Agriculture	A fund of 20 crore to provide seed money, interest subvention, and credit guarantee cover for farmer producer organisations	
Krishi se Sampannta Yojana	Agriculture	Promotion of heeng (asafoetida) cultivation and saffron production in selected areas	-
Krishi Utpaad Sarankshan Yojana	Agriculture	subsidy for installation of a permanent structure to fix anti-hail nets	50 crore (inclusive of certain existing subsidies)
Madhu Utpadan evam Prasanskarana Yojana	Agriculture	Promotion of value addition to bee-keeping activities	7 crore
Mehak	Agriculture	Assistance in cultivation, processing, and marketing of aromatic plants	-
Him Kukkut Palan Yojana	Agriculture	Promotion of poultry farming, 100 farmers will be provided up to 5,000 broilers every year	-
Mobile Veterinary Sewa (MOVES)	Agriculture	Doorstep delivery of veterinary services	-
Parvat Dhara	Rural Development	Rejuvenation of extinct and depleted water sources, to be managed and maintained under MNREGS	20 crore
UNNATI	Rural Development	Skill development of at least one member from the families of beneficiaries of MNREGS	-
Panchawati	Rural Development	Promotion of parks and gardens in the rural areas	-
Solid Waste Management	Rural Development	500 panchayats to be made solid waste-free during 2020-21 in the first phase	-
Swaran Jayanti Gyanodaya Cluster Sreshtha Vidyalaya Yojana	Education	Modern facilities such as smart classrooms in 100 cluster schools, improvement of pupil-teacher ratio	15 crore
Swaran Jayanti Utkrisht Vidyalaya Yojana	Education	Improvement of facilities such as furniture, sports facilities, labs in 68 schools in the first phase	30 crore
Swaran Jayanti Super 100	Education	To encourage meritorious youth for admission to professional courses	-
Swasth aur Sashakat Kishoritav evam Matritva (SKM)	Health and Family Welfare	Mammography facility in all district hospitals to fight breast cancer, prevention and awareness about cervical cancer	-
HIMAROGYA	Health and Family Welfare	IT system to provide unique health ID to all citizens	-
Mobile Health Centres	Health and Family Welfare	10 new mobile health centres to provide healthcare services in remote areas	-
Samman	Health and Family Welfare	Provision of free treatment including diagnostic to destitute persons left without identity and attendant in hospitals	-
Paramparik Hathkargha Evam Hastshilp Cluster Protsahan Pariyojana	Industry	Promotion of artisans and craftsmen and their products in each district on a cluster basis	-
Swaran Jayanti Poshahaar Yojana	Social Welfare and Nutrition	Umbrella scheme with following components: (i) Bal Poshahaar Top-up Yojana- fruit, milk and fibrous food for Anganwadi children, (ii) Swasth Bachpan- pre-primary students enrolled in government schools, mid-day meal to be provided to pre-primary students, (iii) supplement of fruit and milk to primary and middle schools students along with the mid-day meal	-
Woh Din	Social Welfare and Nutrition	Awareness campaign on menstrual hygiene	3.24 crore

Sources: Budget Speech 2020-21; PRS.